



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Required Report - public distribution

Date: 7/26/2000

GAIN Report #EZ0014

Czech Republic

Livestock and Products

Annual

2000

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Report Highlights: Cattle numbers continue to decrease in 2000. Swine numbers will increase due to higher prices for pork. Total meat consumption increased slightly in 1999 to 83 kg per capita due to significant rise in poultry consumption (to 20.5 kg). The Czech Republic does not import U.S. meat products because of a lack of export certificates. The re-drafting of food safety laws continues as part of the EU accession process.

Includes PSD changes: Yes

Includes Trade Matrix: No

Annual Report

Vienna [AU1], EZ

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Executive Summary

Both the beef and pork markets were relatively stable in 1999. Beef and pork consumption declined in 1999 and this trend is expected to continue in 2000. The government will not subsidize pork exports this year as it did last year through the State Fund for Market Regulation. Beginning in July 2000, a so called “double zero” trade agreement with the EU will allow the Czech Republic to export 21,300 MT of pork products to the EU under quota (with an in-quota duty of zero). For its part, the EU has agreed not to subsidize exports of meat to the Czech Republic. The Czech Republic does not import meat or meat products from the United States because no agreement has been reached on US/FSIS export certificates. A new feed law requiring the labeling of feeds containing genetically modified organisms was passed by the Parliament and will come into force in January 2001.

Production and Prices

Cattle and Beef

The decline in cattle numbers will continue through 2000, albeit at a slower rate than in previous years. At the beginning of 2000, the number of cattle was 3.7% lower than 1999, while year to year drops in

previous years were much higher. The beef market in the Czech Republic was relatively stable in 1999, with prices decreasing slightly in the first half of 1999 and increasing in the second half of last year.

Cattle Numbers (head)

PSD Table						
Country: Czech Republic						
Commodity: Cattle & Cow						
'000 Head		1999		2000		2001
	Old	New	Old	New	Old	New
Calendar Year Begin						
Total Cattle Beg. Stks	1545	1561	1456	1478	0	1408
Dairy Cows Beg. Stocks	583	515	520	488	0	465
Beef Cows Beg. Stocks	59	55	100	52	0	49
Production (Calf Crop)	532	604	468	578	0	560
Intra EC Imports	0	0	0	0	0	0
Other Imports	18	13	12	13	0	15
TOTAL Imports	18	13	12	13	0	15
TOTAL SUPPLY	2095	2178	1936	2069	0	1983
Intra EC Exports	0	0	0	0	0	0
Other Exports	50	54	50	48	0	45
TOTAL Exports	50	54	50	48	0	45
Cow Slaughter	217	234	213	222	0	186
Calf Slaughter	45	47	40	44	0	37
Other Slaughter	280	305	279	289	0	241
Total Slaughter	542	586	532	555	0	464
Loss	47	60	40	58	0	56
Ending Inventories	1456	1478	1314	1408	0	1418
TOTAL DISTRIBUTION	2095	2178	1936	2069	0	1983
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

Meat, Beef, and Veal Production

PSD Table						
Country:	Czech Republic				'000 MT	
Commodity:	Cattle					
		1999		2000		2001
	Old	New	Old	New	Old	New
Calendar Year Begin		01/1999		01/2000		01/2001
Slaughter (Reference)	542	586	532	555	0	464
Beginning Stocks	7	7	3	7	0	6
Production	248	238	248	228	0	217
Intra EC Imports	0	0	0	0	0	0
Other Imports	15	16	14	15	0	12
TOTAL Imports	15	16	14	15	0	12
TOTAL SUPPLY	270	261	265	250	0	235
Intra EC Exports	0	0	0	0	0	0
Other Exports	15	16	8	12	0	12
TOTAL Exports	15	16	8	12	0	12
Human Dom. Consumption	247	233	248	227	0	212
Other Use, Losses	5	5	5	5	0	5
TOTAL Dom. Consumption	252	238	253	232	0	217
Ending Stocks	3	7	4	6	0	6
TOTAL DISTRIBUTION	270	261	265	250	0	235
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

Cattle Prices

The following table shows the lowest, the highest and average prices of slaughter cows and beef in the last three years:

	Farmers' cow prices (CZK/kg in CWE)			Processors' prices of beef sirloin in CZK/kg			Consumers' prices of beef sirloin in CZK/kg		
	lowest price	highest price	average price	lowest price	highest price	average price	lowest price	highest price	average price
1997	21	25	23	95	106	99	124	135	128
1998	24	28	26	104	112	109	133	141	137
1999	24	27	25	107	111	109	136	139	138

Beef prices are expected to rise significantly in August 2000. The average retail price of 1 kg of beef will likely rise by 15-20% due to fewer cattle in the marketplace and higher feed costs.

Swine and Pork

In 1999 the number of swine and sows declined due to low prices at the end of 1998 and the first half of 1999. Toward the end of 2000 and the beginning of 2001, higher and more stable prices should encourage a slight increase in swine production.

Swine Numbers (head)

PSD Table						
Country: Czech Republic						
Commodity: Swine						
'000 Head		1999		2000		2001
	Old	New	Old	New	Old	New
Calendar Year Begin						
TOTAL Beginning Stocks	4001	3802	3900	3489	0	3793
Sow Beginning Stocks	317	298	305	272	0	300
Production (Pig Crop)	5434	5824	5398	5962	0	6060
Intra EC Imports	0	0	0	0	0	0
Other Imports	3	3	5	5	0	5
TOTAL Imports	3	3	5	5	0	5
TOTAL SUPPLY	9438	9629	9303	9456	0	9858
Intra EC Exports	0	0	0	0	0	0
Other Exports	100	56	130	30	0	90
TOTAL Exports	100	56	130	30	0	90
Sow Slaughter	100	100	95	105	0	100
OTHER SLAUGHTER	5174	5419	4914	5008	0	5388
Total Slaughter	5274	5519	5009	5113	0	5488
Loss	164	565	164	520	0	535
Ending Inventories	3900	3489	4000	3793	0	3745
TOTAL DISTRIBUTION	9438	9629	9303	9456	0	9858
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

Swine Meat Production

PSD Table						
Country:	Czech Republic				'000 MT	
Commodity:	Swine					
		1999		2000		2001
	Old	New	Old	New	Old	New
Calendar Year Begin		01/1999		01/2000		01/2001
Slaughter (Reference)	5274	5519	5009	5113	0	5488
Beginning Stocks	15	12	17	13	0	13
Production	686	665	661	614	0	659
Intra EC Imports	0	0	0	0	0	0
Other Imports	20	25	25	20	0	20
TOTAL Imports	20	25	25	20	0	20
TOTAL SUPPLY	721	702	703	647	0	692
Intra EC Exports	0	0	0	0	0	0
Other Exports	8	13	8	10	0	15
TOTAL Exports	8	13	8	10	0	15
Human Dom. Consumption	662	648	660	598	0	639
Other Use, Losses	34	28	26	26	0	25
TOTAL Dom. Consumption	696	676	686	624	0	664
Ending Stocks	17	13	9	13	0	13
TOTAL DISTRIBUTION	721	702	703	647	0	692
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

Pork Prices

The following table shows the lowest, the highest and average prices of slaughter pigs and pork in the last three years:

	Farmers' prices of pigs (CZK/kg in CWE)			Processors' prices of pork sirloin in CZK/kg			Consumers' prices of pork sirloin in CZK/kg		
	lowest price	highest price	average price	lowest price	highest price	average price	lowest price	highest price	average price
1997	30	42	36	98	112	104	127	142	134
1998	27	38	34	95	107	103	116	138	132
1999	24	36	30	86	100	93	103	119	113

Prices of pork are also expected to rise, even though not as significantly as beef prices. The main reasons for the price increase are increased feed prices and the lack of EU subsidized pork in the Czech market.

Consumption and Trade

Consumption

Consumption in kg per capita/year	1993	1995	1997	1998	1999
Beef	19.8	18.5	16.1	14.3	13.7
Pork	48.1	46.2	45.8	45.7	44.7
Poultry	11.7	13.0	15.3	17.9	20.5
Meat total	84.3	82.0	N/A	82.1	83.1
Fish	4.5	4.9	5.5	5.3	5.2
Milk and Dairy Products	190.1	187.7	195.2	197.1	207.3
Eggs (pieces)	318	290	311	319	297

Price remains a major factor influencing food consumption in the Czech Republic. Since poultry prices are relatively low, consumption of poultry increased by almost 15% last year and per capita consumption is getting close to the EU level (20.7 kg). Another factor changing meat selection are the perceived health benefits of poultry. Younger people are eating more poultry than other kinds of meats, even though overall per capita consumption of pork is still twice as high as poultry.

Trade

On July 1, 2000 agricultural trade between the Czech Republic and the EU was liberalized by so called "double zero agreement." The agreement calls for the elimination export subsidies (which are used mostly by the EU) and increased market access under a series of quotas. Most of the quotas have been granted for imports both into the EU and the Czech Republic. For fresh pork the quota is 10,000 MT, for salted pork the quota is 9,000 MT, and for salami and sausages the quota is 2,300 MT. For poultry, there is an import quota of 9,000 MT into the EU but only 4,000 MT into the Czech Republic. The trade in beef, since it is one of the most sensitive commodities, was not liberalized at all.

In 1999, imports and exports of live cattle decreased due to lower cattle and beef production in the Czech Republic and stagnation on world markets. Whereas imported cattle were primarily for slaughter, exported cattle was used for breeding. In 2000 imports of live cattle will increase slightly, while exports will drop in all cattle categories. Even though consumption of beef is declining, the decrease in beef production is steeper, which will lead to higher imports. The Czech Republic imports live cattle from Poland (in 1999 almost 5,000 MT), Austria (660 MT), Slovakia (580 MT) and Germany (50 MT). In 1999, live cattle were exported to Germany (4,600 MT), Croatia (2,100 MT), Greece (1,400 MT), the Netherlands (1,100 MT) and Italy (1,000 MT). Beef was mainly imported from Germany (1,100 MT) and Denmark (1,100 MT) and exported to Slovenia (1,000 MT) and Austria (800 MT).

The pork market is less stable than the beef market. A significant rise in live hog imports in 1998 resulted in greater supply of pork than demand but 1999 imports were down. In the first half of 2000 imports continued to be low. In 1999, the world supply of live hogs was high and therefore Czech exports were lower. The same trend will continue this year. In 2000 lower pork exports and a significant decrease in pork imports can be expected. In 1999, live hogs were imported primarily from Germany (240 MT) and exported to Slovenia (4,300 MT), Bosnia (500 MT) and Hungary (100 MT). Pork was imported from Germany (7,000 MT), Austria (1,800 MT) and Belgium (1,200 MT) and exported to Slovenia (4,000 MT), Poland (1,000 MT) and Romania (450 MT).

U.S. Products Prohibited

Fresh and frozen meats from the United States are not currently allowed to be imported into the Czech Republic. The main barrier to U.S. products remains the lack of mutually acceptable meat export certificates (which are issued by USDA's Food Safety Inspection Service (FSIS)). Negotiations between FSIS and the Czech State Veterinary Administration (SVA) are ongoing. Areas of disagreement include the use of beta-adrenergic growth stimulants (such as Ractopamine), residue limits, and some disease certification issues such as bluetongue and vesicular stomatitis. Past problems with regard to salmonella certification appear to have been resolved. U.S. variety meats, horse meat, and other meat products would be immediately competitive if the export certification issues can be resolved.

Government Classification of Meat Processors

In 1999 the SVA classified meat processors based on their adherence to hygienic requirements under both Czech and EU rules. The SVA divided companies into three groups: A - the best, most of them have export licences to the EU, B - average, minor problems, C - the worst plants that will either have to improve significantly or will be unable to compete. Out of 576 meat plants, classifications we given as follows:

A	46
B	250
C	280

Class A and B meat processing plants cover 67% of the total slaughter tonnage. Generally speaking, the meat processing industry is undergoing concentration and restructuring in order to be competitive with EU processors in the longer term.

No Government Support for Exports in 2000

In 1999 the State Fund for Market Regulation subsidized pork exports by purchasing over 600 MT of pork for 23 CZK/kg from farmers. This stock was subsequently exported. The pork market has improved since last year and SFMR will not subsidize exports this year.

A New Feed Law

At the end of June 2000, the Parliament and the Senate passed a new feed law (replacing Feed Law 91/96). It will be signed by the President soon and will come into force in January 2001. There are two major changes in the new law. First, there will be a new method of registering producers, importers and distributors of feedstuffs. Second, there will be a labeling requirement for feedstuffs containing genetically modified organisms (GMO). Generally speaking, the law is seen as a step toward meeting EU standards and EU accession. For example, it restricts the use of antibiotic growth promoters to those used in the EU.

(Exchange rate: July 2000: 1 USD = 38 CZK)